



## Address your inflection points decisively or the market will.

An inflection point is a decisive moment in the course of a business that highlights the need for significant change. Such moments are balanced on the knife's edge. They create tremendous opportunities or reveal intractable flaws. They demand decisive action and if the company doesn't address them effectively, the market will.

Every company regardless of size, industry, market segment, or growth stage faces strategic inflection points over the course of its lifetime. How effectively management teams and boards deal with these critical challenges often determines whether the company will thrive or in some cases even survive. In today's fast paced business environment, it is imperative that management teams recognize emerging inflection points and more importantly, move decisively to assess alternatives and formulate action plans.

### **There are no new ideas or new problems**

Though all companies are unique, there are predictable similarities in the growing pains any company may

experience in the course of its lifetime.

Some people suggest there is no such thing as "a new idea," only improvements to existing ideas, and the most successful companies are those that creatively capitalize and efficiently execute on these improved ideas. There is a parallel with inflection points. Management teams and boards face common inflection points across a broad range of industries and stages of company life cycles. Best practices evolve and hopefully find their way into a company's DNA and operating plans. Experienced operating executives who have lived through similar situations in their careers, know what questions to ask and, most importantly, know how to change course and execute going forward.

### **Investors and Operators**

Private Equity and Venture Capital firms understand this phenomenon and pay close attention to market evolution and disruption, KPIs, competitive threats, management depth, capital efficiency and any number of other critical success factors related to their portfolio companies' success. Many professional investors maintain a

stable of operating partners to work with their companies and help guide them through each company's transitions. In cases where members of a company's management teams are product-focused visionaries, new to a particular vertical market/growth stage, or perhaps in a senior operating role for the first time, there may be some lack of, "been there, done that" in decision making and execution. In these instances, boards often turn to their own operating partners or in some instances, to consultants or interim CXOs to optimize planning and execution through the transition period.

### No Shortage of Challenges

Strategic inflection points come in a variety of shapes and sizes, but all have one thing in common; failure to act decisively increases the risk of the business failing to achieve its potential ... or worse. Some common examples of inflection points include the following;

- A recession or global economic disruption like the current pandemic
- Failed or delayed product launch and/or infrastructure issues
- Product roadmap leading into uncharted territory
- Market or competitor disruption dictating strategy modification
- Customer success challenges driving unsustainable churn
- Go-to-market model not firing on all cylinders

- Excessive customer acquisition costs that are not sustainable
- Executive management team not executing to plan
- Capital requirements significantly outstripping original plan

Whatever the case may be, management teams and boards that move quickly to assess the current state and execute plans to correct the path forward have a higher probability of winning and producing desired returns on investment.

Marlborough Street Partners is a team of senior operating executives that works with private equity and venture backed firms. We guide portfolio companies through their most important inflection points. Our C-level partners assess, reengineer, and when required, provide interim management to get companies on a winning trajectory.

We have addressed a variety of inflection points across small, medium, and global companies. We have been there, and more importantly, taken companies to the next level organically and through mergers and acquisitions.

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